

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201341026**

Release Date: 10/11/2013

Index Number: 355.00-00, 355.01-00,
368.00-00, 368.04-00

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:02
PLR-121852-13

Date:
June 28, 2013

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Dear :

This letter responds to your representative's letter dated May 7, 2013 requesting that we supplement our letter ruling dated March 22, 2013 (PLR-144250-12) (the "Prior Letter Ruling"). The information submitted in that request and in subsequent correspondence is summarized below. Capitalized and underlined terms not defined in this letter have the meanings assigned to them in the Prior Letter Ruling.

The rulings contained in this letter are based upon facts, representations, and other information submitted by the taxpayer and accompanied by a "penalty of perjury" statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the facts, representations, and other information may be required as part of the audit process.

In particular, this office has not reviewed any information pertaining to, and it has made no determination regarding, whether the Proposed Transaction: (i) satisfies the business purpose requirement of Treas. Reg. § 1.355-2(b); (ii) is being used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see section 355(e) and Treas. Reg. § 1.355-7).

The Prior Letter Ruling addresses certain federal income tax consequences of the Proposed Transaction under sections 355 and 368 and certain other relevant provisions

of the Internal Revenue Code. Except as modified below, the material facts, representations, and other information set forth in the Prior Letter Ruling and in Taxpayer's request for the Prior Letter Ruling (including information provided in subsequent correspondence) remain in effect for purposes of this supplemental letter ruling.

Facts

The material facts as described in the Prior Letter Ruling are unchanged except as stated below:

- (i) In Step 3 of the Proposed Transaction, Distributing will contribute \$e rather than \$c in cash to Controlled at the time of, or soon after, the Contribution.
- (ii) The IPO (Step 4 in the Prior Letter Ruling) will not occur. Instead, in Step 4 of the Proposed Transaction, Controlled will register as a public reporting company with the Securities and Exchange Commission ("SEC") under the 1934 Exchange Act immediately after Step 3.
- (iii) In Step 5 of the Proposed Transaction, Distributing will distribute all of its Controlled stock (representing 100% of all outstanding Controlled stock) to Distributing's shareholders on a pro-rata basis (the "Distribution") promptly after Controlled is registered and approved by the SEC as a public company pursuant to Step 4. If any shareholder of Distributing would be entitled to a fractional share of Controlled stock, the shareholder will be paid cash in lieu of a fractional share.

Representations

Taxpayer reaffirms each representation made in the Prior Letter Ruling except for representation (c), which is restated to read as follows:

- (c) Other than Controlled stock options and/or RSUs received by Distributing employees and directors that have received Distributing stock options and/or RSUs under the Incentive Plan, no part of the consideration to be distributed by Distributing in the Distribution will be received by a Distributing shareholder as a creditor, an employee, or in any capacity other than that of a shareholder of Distributing.

Taxpayer also submits the following additional representation:

- (z) In the event that Controlled issues additional stock through a private placement, an IPO, or otherwise within two years following the date of the Distribution,

Controlled will offer less than 50% of its stock (in the aggregate) in any such transactions.

Rulings

Based solely on the information submitted and the representations made, we rule as follows:

The supplemental facts submitted will have no adverse impact on any of the Rulings in the Prior Letter Ruling, which remain in full force and effect.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter or in the Prior Letter Ruling. We express no opinion about the tax treatment of the Proposed Transaction under other provisions of the Code and the Treasury regulations or the tax treatment of any condition existing at the time of, or effect resulting from, the Proposed Transaction that is not specifically covered by the Rulings in this letter or in the Prior Letter Ruling. In particular, no opinion is expressed or implied regarding:

- (i) Whether the Distribution satisfies the business purpose requirement of Treas. Reg. § 1.355-2(b);
- (ii) Whether the Distribution is being used principally as a device for the distribution of the earnings and profits of Distributing, Controlled, or both (see section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d));
- (iii) Whether the Distribution and any acquisition or acquisitions are part of a plan (or series of related transactions) under section 355(e)(2)(A)(ii);
- (iv) The federal income and employment tax consequences of the receipt of Controlled stock options and/or RSUs by holders of Distributing stock options and/or RSUs; and
- (v) The potential application of section 482 to any payments made in connection with the Continuing Arrangements that are not made for fair market value based on terms and conditions arrived at by the parties bargaining at arm's-length.

Procedural Statements

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Russell G. Jones
Assistant to the Branch Chief, Branch 2
Office of Associate Chief Counsel (Corporate)